

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WISCONSIN

In re:

Michael A. Gral¹,

Debtor-in-Possession.

Case No. 16-21329

Chapter 11

Jointly Administered

**APPLICATION TO APPROVE THE EMPLOYMENT OF HOWARD, SOLOCHEK &
WEBER, S.C. AND ALBERT SOLOCHEK AS SPECIAL COUNSEL FOR THE
DEBTORS**

Michael A. Gral and Capital Ventures, LLC (“Debtors”) request that the Court enter an Order authorizing the employment of the law firm of Howard, Solochek & Weber, S.C. and Albert Solochek as special counsel under the terms and conditions described in this Application.

1. The Debtors filed petitions for relief under Chapter 11 of Title 11 United States Code on February 20, 2016 and are currently operating as Debtors-in-Possession pursuant to 11 U.S.C. § 1107 and 1108.

2. The Debtors are requesting that the Law Offices of Howard, Solochek & Weber S.C. and Albert Solochek be retained as special counsel, subject to the approval of the Bankruptcy Court. The purpose of special counsel is to represent the Debtors with respect to the fiduciary obligations of the Debtors to bring to a successful conclusion, certain avoidance actions against related parties such as insiders and entities of which one or the other Debtors have interest in, which are property of the Debtors’ estates. These avoidance actions can be

¹ The court is jointly administering *In re Michael A. Gral*, Case No. 16-21329 and *In re Gral Holdings Key Biscayne, LLC*, Case No. 16-21330; and, separately, the court is jointly administering *In re Michael A. Gral*, Case No. 16-21329 and *In re Capital Ventures, LLC*, Case No. 16-21331. **This pleading relates to *In re Michael A. Gral*, Case No. 16-21329 and *In re Capital Ventures, LLC*, Case No. 16-21331.**

characterized as actions to pierce the limited liability veils of certain related non-filing entities, alleged fraudulent conveyance actions against insiders of the Debtors and an alleged conspiracy action between the Debtors and certain insiders.

3. The reason that special counsel is needed is that the Office of the U.S. Trustee is claiming that the Law Offices of Jonathan V. Goodman, Debtors' counsel under a general retainer would have a conflict of interest if he became involved in attempting to collect from related entities to the Debtors, based upon the alleged avoidance actions. While Debtors do not necessarily agree with the position of the Office of the United States Trustee, as there has already been significant litigation, and needless time spent in proving the disinterestedness of counsel, in order to avoid a future problem, it is necessary that additional special counsel be appointed.

4. The Debtors have selected the applicant because the attorneys in that firm have substantial experience in matters relating to insolvency, reorganization, bankruptcy law, and particularly have appeared before this Court in previous cases involving Debtors-in-Possession.

5. The professional services that shall be rendered by the applicant are as follows:

- (a) To give advice to the Debtors regarding the costs associated with suborning the avoidance actions;
- (b) The propriety of the avoidance actions;
- (c) To make contact and negotiate with the putative defendants in the avoidance actions; and
- (d) To prepare various motions for legal proceedings in connection with the avoidance actions.

6. Debtors have been informed that the applicant has had certain connections with certain creditors of the Debtors:

- (a) The applicant currently performs legal work for Town Bank, a secured lender of one of the Debtors.

(b) Applicant has performed legal services for American Bank (formally Investors Bank), which has a mortgage with a non-filer, whose loan has been guaranteed by the Debtor Gral

(c) Johnson Bank has been a client of the applicant in the past. Johnson Bank has a junior mortgage on Michael Gral's home.

7. None of these matters that the applicant represents or represented the foregoing parties involve any of the Debtors or any non-debtors which are insiders or affiliated with the Debtors.

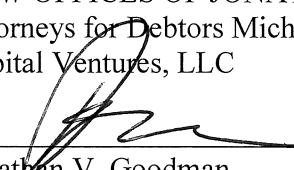
8. The Debtors are informed that the applicant will be charging the Debtors for its time at the rate of \$275.00 per hour and it is estimated that total cost of its representation, at least initially, will be upwards of \$30,000.00, excluding out-of-pocket costs.

9. The applicant is requesting that the Debtor provide it with a retainer totaling \$10,000.00, \$5,000.00 paid upon the court approving the appointment, and \$5,000.00 paid thirty days later. The retainer will be held in the applicants trust account and will not be disbursed until interim or final fees have been approved by the Court.

WHEREFORE, Debtors pray that they be authorized to employ and appoint the said law firm of Howard, Solocheck & Weber, S.C. to represent the Debtors as special counsel in these proceedings and that they have such other and further relief as is just.

Dated this 16 day of June, 2016.

LAW OFFICES OF JONATHAN V. GOODMAN
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Capital Ventures, LLC

By: 
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